

## Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00

CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SP-03 SS-20 CAB-09 COME-00

DOT-00 FAA-00 OMB-01 CIEP-03 TRSE-00 DRC-01 /097 W

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O 241143Z JUL 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 5490

C O N F I D E N T I A L MANILA 8846

E.O. 11652: GDS

TAGS: EGEN, ETRN, RP, US

SUBJECT: CIVAIR -RP/US NEGOTIATIONS

REF: STATE 158653

1. FOLLOWING DAY OF CONTINUED LOW LEVEL DELIBERATION ON PHILIPPINE SIDE, IN WHICH PHILIPPINE AIRLINES PROVED INTRANSIGENT, LATEST US DRAFT CONTAINING OPTION C REFTEL REFERRED TO EXECUTIVE SECRETARY MELCHOR WITH COMPLETE EXPLANATION ISSUES AND PROBLEMS INVOLVED IN THIS NEGOTIATION.

2. MELCHOR NOW INFORMS EMBASSY AFTER DISCUSSIONS WITH SECRETARY ROMULO THAT QUESTION OF U.S. DRAFT PROPOSAL HAS BEEN REFERRED TO NEDA FOR A REVIEW TO BE HELD AT 1030 A.M. JULY 25.

3. IN MEANTIME, ALTHOUGH CLEARLY INFORMED PER REFTEL OF FACT THAT AUTHORITY TO OPERATE DC-10 HAD EXPIRED, DC-10 IS NOW REPORTEDLY ENROUTE ON SCHEDULED SERVICE TO SAN FRANCISCO HAVING DEPARTED MANILA 5 PM LOCAL TIME.

4. COMMENT: (A) THE END RESULT OF A VERY FRUSTRATING LOW LEVEL DISCUSSION APPEARS TO HAVE BEEN ELEVATION OF THIS QUESTION TO THE HIGHEST POSSIBLE LEVEL OF DECISION-MAKING IN THE  
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PHILIPPINE GOVERNMENT. THE NEDA, OR NATIONAL ECONOMIC AND

DEVELOPMENT AUTHORITY, IS COMPRISED OF ALL KEY CABINET MEMBERS AND THE PRESIDENT. THUS IT APPEARS AT THIS STAGE THAT THE MOST CONSIDERED PHILIPPINE REVIEW OF THE CIVIL AIR ISSUES TO HAVE BEEN ACHIEVED IN ANY RECENT EXPERIENCE WILL NOW BE UNDERTAKEN, WE MIGHT ADD, AS FAR FROM THE NARROW INFLUENCES OF PAL AS WOULD SEEM ATTAINABLE.

(B) THE ISSUE OF PAL'S CONTINUED OPERATION OF A DC-10 HAS BEEN DISCUSSED AT LENGTH WITH EXECUTIVE SECRETARY MELCHOR. #E WAS EARLIER INFORMED BEFORE THE TAKEOFF THAT AUTHORITY FOR TODAY'S FLIGHT HAD NOT BEEN ISSUED BY USCAB. HE ASKED WHAT WOULD HAPPEN RESPECTING THE FLIGHT AND WAS INFORMED THAT THERE WERE PENALTIES INVOLVED, ALTHOUGH THE EMBASSY WAS NOT SURE WHAT THESE MIGHT ENTAIL. STRESSING THAT THE WHOLE MATTER HAD BEEN ELEVATED TO THE NEDA, WHICH MELCHOR SAID WAS AS FAR AS HE COULD CARRY IT, HE ASKED POINTEDLY WHAT WOULD HAPPEN TO THIS PAL FLIGHT. WHEN TOLD THAT PENALTY MIGHT BE IN RANGE OF \$1,000, HE SAID THAT PROBABLY WOULD NOT BE A DETERRENT BUT DID NOT TAKE EXCEPTION TO IDEA OF TREATING THIS FLIGHT AS INVOLVING AN ADMINISTRATIVE INFRACTION SUBJECT TO ADMINISTRATIVE PENALTIES. MELCHOR CLEARLY DID NOT WANT TO ASK THAT THIS FLIGHT BE CLEARED BUT HE MADE A STRONG POINT OF THE FACT THAT THE ISSUES ARE NOW AT THE HIGHEST LEVEL OF THE PHILIPPINE GOVERNMENT FOR PROMPT CONSIDERATION.

5. ACTION REQUESTED. WE LEAVE TO WASHINGTON'S CONSIDERED JUDGEMENT THE HANDLING OF THE IMMEDIATE QUESTION OF TODAY'S OPERATION OF THE DC-10. WE WOULD APPRECIATE IMMEDIATE INFORMATION CONCERNING THE FULL RANGE OF PENALTIES POSSIBLE IN SUCH SITUATIONS AS WELL AS AN INDICATION OF HOW IN LIGHT OF THE CURRENT STATUS OF THESE NEGOTIATIONS WASHINGTON PROPOSES TO PROCEED. SULLIVAN

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## Message Attributes

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